GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:2156
ANSWERED ON:05.12.2014
PRICE OF RUBBER
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether there has been drastic fall in the price of Natural Rubber (NR) in both domestic and international markets and if so, the details thereof indicating the price of NR both in the domestic as well as in the international markets along with the reasons for fall in its price;

(b) the quantum and value of NR and synthetic rubber produced, consumed, exported and imported during each of the last three years and the current year along with the import duty thereon, State/UT and country-wise;

(c) the share of India in world`s total production and export of NR along with the share of various States therein;

(d) whether the Government has received representations from States and other quarters against fall in price of NR and to enhance its import duty and if so, the details thereof along with the reaction of the Government thereto;

(e) whether the Government proposes to provide special financial assistance/ subsidy to rubber cultivators, introduction of Minimum Export Price (MEP), to restrict its import, review the Tariff Rate Quota scheme and issue licence to import NR latex in can and if so, the details thereof; and

(f) the other measures taken by the Government to mitigate the plight of rubber growers reeling under distress crashing of prices?
ANSWER

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a). The price of Natural Rubber (NR) has declined in both domestic and international markets. The price of Natural Rubber of Rubber Smoked Sheet (RSS 4) grade has decreased in the domestic market from an average of Rs 208.05, Rs 176.82 and Rs 166.02 per kg in 2011-12, 2012-13 and 2013-14 respectively to Rs 118.58 per kg in November 2014. Price of RSS 3, the equivalent grade in International market which averaged Rs. 209.15, Rs. 175.76, Rs. 155.25 per kg during 2011-12, 2012-13 and 2013-14 respectively has also declined to Rs 101.55 per kg in November 2014. Main reasons for the fall in rubber prices are moderating economic growth in China; slow recovery in the US and Europe and consequent weak demand for NR; increase in world stock of NR; projections of a surplus situation in world rubber market in 2014 and 2015; low oil prices and resultant low prices of synthetic rubber. However, the Indian rubber prices have remained above the international rubber price from the last week of December 2013.

(b). The quantum and value of Natural Rubber (NR) and Synthetic Rubber (SR) produced, consumed, exported and imported during each of the last three years and the current year are given at Annexure-I. State-wise production and consumption of NR is given at Annexure-II. Country-wise import and export of Natural Rubber is given at Annexure-III. Country-wise import and export of Synthetic Rubber is given at Annexure-IV. Currently, rate of import duty of Natural Rubber latex is 70% or Rs. 49 per kg whichever is lower. For other forms of Natural Rubber, import duty is 20% or Rs. 30 per kg whichever is lower. Current rate of import duty on different forms of Synthetic rubber, that is, on Poly Butadiene Rubber (PBR) and Sturene Butadiene Rubber (SBR) is 10% and that of Butyl rubber is 5%.

(c). India's share in world's total production and export of NR in 2013 was 7.0 and 0.3 per cent respectively. Data relating to share of States in exports is not maintained.

(d). Representations have been received from state governments of Kerala and Tripura and other rubber producing interests regarding the decline in rubber prices and seeking, inter-alia, restrictions on import of NR, suspension of advance licensing Scheme for import of rubber, protection of rubber growers from fall in prices, and increase in the import duty on NR. The Government has formed an Expert Committee in June 2014 with the mandate to examine all aspects of issues relating to rubber industry including production, consumption and trade in Natural Rubber and formulate a National Rubber Policy.

(e). The mandate of the 'Expert Committee' covers all issues relating to protection of the interest of rubber growers and industry including examination of aspects relating to imports, exports, production and regulation.

(f). The measures taken by the government to protect the rubber growers include, inter-alia, increase in financial assistance to growers during the 12th Five Year Plan and upward revision of import duties in December, 2013. The Government has increased planting subsidy from Rs 19,500 per ha in the 11th Five Year Plan to Rs 25,000 per ha in 12th Plan in the traditional rubber growing region and from Rs 30,000 per ha in the 11th Plan to Rs 35,000 per ha in 12th plan in non-traditional rubber growing regions. Import duty on dry forms of NR was raised from "20% or Rs 20 per kg whichever is lower" to "20% or Rs 30 per kg whichever is lower" in December 2013.